

0758 - Medical Board
Analysis of Fund Condition

(Dollars in Thousands)

FY 2011-12 Governor's Budget

| | ACTUAL 2010-11 | CURRENT YEAR 2011-12 | BY 2012-13 | BY+1 2013-14 | BY+2 2014-15 |
|---|-------------------|----------------------------|---------------|-----------------|-----------------|
| BEGINNING BALANCE | \$ 27,903 | \$ 30,246 | \$ 18,855 | \$ 14,388 | \$ 8,128 |
| Prior Year Adjustment | \$ (556) | \$ - | \$ - | \$ - | \$ - |
| Adjusted Beginning Balance | \$ 27,347 | \$ 30,246 | \$ 18,855 | \$ 14,388 | \$ 8,128 |
| REVENUES AND TRANSFERS | | | | | |
| Revenues: | | | | | |
| 125600 Other regulatory fees | \$ 289 | \$ 285 | \$ 285 | \$ 285 | \$ 285 |
| 125700 Other regulatory licenses and permits | \$ 5,502 | \$ 5,616 | \$ 5,616 | \$ 5,616 | \$ 5,616 |
| 125800 Renewal fees | \$ 43,781 | \$ 45,057 | \$ 45,039 | \$ 45,621 | \$ 46,009 |
| 125900 Delinquent fees | \$ 102 | \$ 96 | \$ 98 | \$ 98 | \$ 98 |
| 142500 Miscellaneous services to the public | \$ 48 | \$ 51 | \$ 51 | \$ 51 | \$ 51 |
| 150300 Income from surplus money investments | \$ 164 | \$ 202 | \$ 91 | \$ 49 | \$ 10 |
| 160400 Sale of fixed assets | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 3 |
| 161000 Escheat of unclaimed checks and warrants | \$ 22 | \$ 23 | \$ 23 | \$ 23 | \$ 23 |
| 161400 Miscellaneous revenues | \$ 1 | \$ 1 | \$ 1 | \$ 1 | \$ 1 |
| 164300 Penalty assessments - Probation Monitoring | | \$ 900 | \$ 900 | \$ 900 | \$ 900 |
| Totals, Revenues | \$ 49,912 | \$ 52,234 | \$ 52,107 | \$ 52,647 | \$ 52,996 |
| Transfers: | | | | | |
| GENERAL FUND LOAN | | \$ (9,000) | | | |
| TOTALS, REVENUES AND TRANSFERS | \$ 49,912 | \$ 43,234 | \$ 52,107 | \$ 52,647 | \$ 52,996 |
| TOTAL RESOURCES | \$ 77,259 | \$ 73,480 | \$ 70,962 | \$ 67,035 | \$ 61,124 |
| EXPENDITURES | | | | | |
| Disbursements: | | | | | |
| 0840 State Controller (State Operations) | \$ 80 | \$ 58 | \$ 53 | \$ - | \$ - |
| 8880 FSCU (State Operations) | \$ 31 | \$ 168 | \$ 44 | | |
| 1110 Program Expenditures (State Operations) | \$ 46,902 | \$ 54,399 | \$ 55,199 | \$ 57,607 | \$ 58,759 |
| 2012-2013 Proposed BCPs | | | | | |
| Operation Safe Medicine | | | | | |
| BreZE (including credit card cost) | | | \$ 1,278 | | |
| Anticipated Future Costs | | | | | |
| Anticipated BreZE Cost | | | | \$ 1,300 | \$ 1,300 |
| Totals, Disbursements | \$ 47,013 | \$ 54,625 | \$ 56,574 | \$ 58,907 | \$ 60,059 |
| FUND BALANCE | | | | | |
| Reserve for economic uncertainties | \$ 30,246 | \$ 18,855 | \$ 14,388 | \$ 8,128 | \$ 1,066 |
| Months in Reserve | 6.6 | 4.0 | 2.9 | 1.6 | 0.2 |

NOTES:

A. ASSUMES WORKLOAD AND REVENUE PROJECTIONS ARE REALIZED FOR 2011-12 AND BEYOND.

B. INTEREST ON FUND ESTIMATED AT .68% in FY 10/11 and beyond.

C. FY 10-11 RENEWAL FEE REVENUE INCLUDES A ONE-TIME CREDIT OF \$22 FOR EACH PHYSICIAN RENEWING (ELIMINATION OF THE DIVERSION PROGRAM)

1/11/2012

Medical Board of California

FY 11/12

Budget Expenditure Report

(As of November 30, 2011)

(41.6% of fiscal year completed)

| OBJECT DESCRIPTION | BUDGET ALLOTMENT | EXPENSES/ ENCUMB | PERCENT OF BUDGET EXP/ENCUMB | UNENCUMB BALANCE |
|--|---------------------|---------------------|------------------------------------|---------------------|
| PERSONAL SERVICES | | | | |
| Salary & Wages | | | | |
| (Staff & Exec Director) | 15,883,389 | 5,379,228 | 33.9 | 10,504,161 |
| Board Members | 31,500 | 9,700 | 30.8 | 21,800 |
| Phy Fitness Incentive Pay | 29,623 | 11,750 | 39.7 | 17,873 |
| Temp Help | 1,137,513 | 578,871 | 50.9 | 558,642 |
| Overtime | 12,143 | 15,786 | 130.0 | (3,643) |
| Staff Benefits | 7,515,777 | 2,373,318 | 31.6 | 5,142,459 |
| Salary Savings | (892,664) | | | (892,664) |
| TOTALS, PERS SERVICES | 23,717,281 | 8,368,653 | 35.3 | 15,348,628 |
| OPERATING EXP & EQUIP | | | | |
| General Expense | 770,168 | 166,000 | 21.6 | 604,168 |
| Fingerprint Reports | 333,448 | 119,270 | 35.8 | 214,178 |
| Minor Equipment | 187,500 | 21,196 | 11.3 | 166,304 |
| Printing | 685,755 | 254,926 | 37.2 | 430,829 |
| Communications | 372,190 | 80,918 | 21.7 | 291,272 |
| Postage | 282,511 | 68,196 | 24.1 | 214,315 |
| Insurance | 41,053 | 13,293 | 32.4 | 27,760 |
| Travel In-State | 482,298 | 31,736 | 6.6 | 450,562 |
| Travel Out-of-State | 1,000 | 0 | 0.0 | 1,000 |
| Training | 78,895 | 22,347 | 28.3 | 56,548 |
| Facilities Operation (Rent) | 2,702,140 | 2,261,232 | 83.7 | 440,908 |
| Consult/Prof Services | 982,594 | 1,324,124 | 134.8 | (341,530) |
| Departmental Prorata | 4,118,830 | 1,669,933 | 40.5 | 2,448,897 |
| Interagency Services | 5,142 | 0 | 0.0 | 5,142 |
| Consolidated Data Center | 646,809 | 176,886 | 27.3 | 469,923 |
| Data Processing | 129,492 | 63,241 | 48.8 | 66,251 |
| Central Admin Svcs (Statewide Prorata) | 2,140,440 | 1,070,220 | 50.0 | 1,070,220 |
| Attorney General Services | 13,347,280 | 5,524,416 | 41.4 | 7,822,864 |
| Office of Administrative Hearings | 1,595,080 | 529,710 | 33.2 | 1,065,370 |
| Evidence/Witness | 1,893,439 | 716,471 | 37.8 | 1,176,968 |
| Court Reporter Services | 155,000 | 62,105 | 40.1 | 92,895 |
| Major Equipment | 633,000 | 0 | 0.0 | 633,000 |
| Other Items of Expense | 81 | 21,560 | 26,617.3 | (21,479) |
| Vehicle Operations | 261,925 | 111,053 | 42.4 | 150,872 |
| Court-ordered Payments | 0 | 2,250 | | (2,250) |
| Board of Control Claim | 0 | 1,350 | | (1,350) |
| TOTALS, OE&E | 31,846,070 | 14,312,433 | 44.9 | 17,533,637 |
| TOTALS, EXPENDITURES | 55,563,351 | 22,681,086 | 40.8 | 32,882,265 |
| Scheduled Reimbursements | (384,000) | (149,713) | 39.0 | (234,287) |
| Distributed Costs | (780,000) | (388,501) | 49.8 | (391,499) |
| NET TOTAL, EXPENDITURES | 54,399,351 | 22,142,872 | 40.7 | 32,256,479 |
| Unscheduled Reimbursements | | (263,462) | | |
| | | 21,879,410 | | |

Budget Expenditure Report.xls

Date: January 5, 2012

MEDICAL BOARD OF CALIFORNIA
LICENSING PROGRAM
BUDGET REPORT
JULY 1, 2011 - Nov 30, 2011

| | FY 10/11 BUDGET | EXPENDITURES/ ENCUMBRANCES YR-TO-DATE | LAG TIME (MONTHS) |
|---|--------------------|---|-------------------------|
| PERSONAL SERVICES | | | |
| Salaries & Wages | 2,252,648 | 870,214 | current |
| Staff Benefits | <u>1,089,713</u> | <u>382,777</u> | current |
| TOTAL PERSONAL SERVICES | 3,342,361 | 1,252,990 | |
| OPERATING EXPENSES & EQUIPMENT | | | |
| General Expense | 80,434 | 3,373 | 1-2 |
| Fingerprint Reports* | 333,448 | 118,486 | 1-2 |
| Printing | 61,000 | 13,711 | 1-2 |
| Communications | 52,246 | 7,065 | 1-2 |
| Postage | 125,000 | 39,818 | 1-2 |
| Travel In-State | 25,000 | 2,335 | 1-2 |
| Training | 8,500 | 7,114 | 1-2 |
| Facilities Operation | 226,000 | 224,329 | current |
| Consult/Professional Services | 601,873 | 684,270 | 1-2 |
| Departmental Services | 402,825 | 162,484 | current |
| Interagency Services | 500 | 0 | current |
| Data Processing | 4,000 | 5,212 | 1-2 |
| Statewide Pro Rata | 209,335 | 104,666 | current |
| Attorney General | 190,000 | 35,697 | current |
| Evidence/Witness Fees | 7,500 | 169 | 1-2 |
| Court Reporter Services | 250 | 0 | 1-2 |
| Major Equipment | 26,000 | 0 | 1-2 |
| Minor Equipment | <u>66,000</u> | <u>1,306</u> | 1-2 |
| TOTAL OPERATING EXPENSES & EQUIPMENT | 2,419,911 | 1,410,035 | |
| SCHEDULED REIMBURSEMENTS | (384,000) | (149,713) | |
| DISTRIBUTED COSTS | (42,257) | (21,128) | |
| TOTAL BUDGET/EXPENDITURES | 5,336,015 | 2,492,184 | |

*Department of Justice invoices for fingerprint reports, name checks, and subsequent arrest reports

MEDICAL BOARD OF CALIFORNIA
ENFORCEMENT PROGRAM
BUDGET REPORT
JULY 1, 2011 - NOV 30, 2011

| | FY 11/12 BUDGET | EXPENDITURES/ ENCUMBRANCES YR-TO-DATE | LAG TIME (MONTHS) |
|--|--------------------|---|-------------------------|
| PERSONAL SERVICES | | | |
| Salaries & Wages | 10,550,011 | 3,722,063 | current |
| Staff Benefits | <u>4,778,306</u> | <u>1,441,207</u> | current |
| TOTAL PERSONAL SERVICES | 15,328,317 | 5,163,270 | |
| OPERATING EXPENSE & EQUIPMENT | | | |
| General Expense/Fingerprint Reports | 436,406 | 96,464 | 1-2 |
| Printing | 305,755 | 221,283 | 1-2 |
| Communications | 224,358 | 56,467 | 1-2 |
| Postage | 70,000 | 23,482 | 1-2 |
| Insurance | 38,770 | 11,537 | current |
| Travel In-State | 290,298 | 13,510 | 1-2 |
| Training | 34,000 | 10,464 | 1-2 |
| Facilities Operations | 2,071,140 | 1,674,164 | current |
| Consultant/Professional Services | 300,000 | 213,915 | 1-2 |
| Departmental Services | 3,070,588 | 1,233,913 | current |
| Interagency Services | 3,833 | 0 | 1-2 |
| Data Processing | 19,000 | 775 | 1-2 |
| Statewide Pro Rata | 1,595,698 | 797,848 | current |
| Attorney General 1/ | 13,157,280 | 5,488,719 | current |
| OAH | 1,595,080 | 529,710 | 1 |
| Evidence/Witness Fees | 1,820,939 | 697,386 | 1-2 |
| Court Reporter Services | 154,750 | 62,105 | 1-2 |
| Major Equipment | 511,000 | 0 | 1-2 |
| Other Items of Expense (Law Enf. Materials/Lab, etc.) | 81 | 19,985 | 1-2 |
| Vehicle Operations | 215,925 | 92,893 | 1-2 |
| Minor Equipment | 2,500 | 17,080 | 1-2 |
| Court-Ordered Payments | <u>0</u> | <u>3,070</u> | current |
| TOTAL OPERATING EXPENSES & EQUIPMENT | 25,917,401 | 11,264,770 | |
| DISTRIBUTED COSTS | (735,630) | (366,315) | |
| TOTAL BUDGET/EXPENDITURES | 40,510,088 | 16,061,725 | |
| Unscheduled Reimbursements | | <u>(12,033)</u> | |
| | | 16,049,692 | |

1/See next page for monthly billing detail

1/5/2012

MEDICAL BOARD OF CALIFORNIA
ATTORNEY GENERAL EXPENDITURES - FY 11/12
DOJ AGENCY CODE 003573 - ENFORCEMENT (6303)

| | | <u>Number of Hours</u> | <u>Rate</u> | <u>Amount</u> |
|-----------|--------------------------|------------------------|-------------|---------------------|
| July | Attorney Services | 6,461.75 | 170.00 | 1,098,497.50 |
| | Paralegal Services | 247.00 | 120.00 | 29,640.00 |
| | Auditor/Analyst Services | 101.00 | 99.00 | 9,999.00 |
| | Cost of Suit | | | <u>1,138,136.50</u> |
| August | Attorney Services | 6,741.25 | 170.00 | 1,146,012.50 |
| | Paralegal Services | 233.50 | 120.00 | 28,020.00 |
| | Auditor/Analyst Services | 159.25 | 99.00 | 15,765.75 |
| | Cost of Suit | | | <u>275.00</u> |
| | | | | <u>1,190,073.25</u> |
| September | Attorney Services | 6,117.75 | 170.00 | 1,040,017.50 |
| | Paralegal Services | 197.50 | 120.00 | 23,700.00 |
| | Auditor/Analyst Services | 197.00 | 99.00 | 19,503.00 |
| | Cost of Suit | | | <u>544.26</u> |
| | | | | <u>1,083,764.76</u> |
| October | Attorney Services | 6,265.00 | 170.00 | 1,065,050.00 |
| | Paralegal Services | 142.50 | 120.00 | 17,100.00 |
| | Auditor/Analyst Services | 135.00 | 99.00 | 13,365.00 |
| | Cost of Suit | | | <u>794.80</u> |
| | | | | <u>1,096,309.80</u> |
| November | Attorney Services | 5,619.00 | 170.00 | 955,230.00 |
| | Paralegal Services | 111.00 | 120.00 | 13,320.00 |
| | Auditor/Analyst | 99.00 | 99.00 | 9,801.00 |
| | Cost of Suit | | | <u>2,084.00</u> |
| | | | | <u>980,435.00</u> |
| December | Attorney Services | 0.00 | 170.00 | 0.00 |
| | Paralegal Services | 0.00 | 120.00 | 0.00 |
| | Auditor/Analyst | 0.00 | 99.00 | 0.00 |
| | Cost of Suit | | | <u>0.00</u> |
| | | | | <u>0.00</u> |

Total July-Dec =
FY 11/12 Budget =

5,488,719.31
13,157,280.00

Revised 1/05/2012

ENFORCEMENT/PROBATION RECEIPTS

MONTHLY PROFILE: JULY 2009 - JUNE 2012

| | Jul-09 | Aug-09 | Sep-09 | Oct-09 | Nov-09 | Dec-09 | Jan-10 | Feb-10 | Mar-10 | Apr-10 | May-10 | Jun-10 | Total |
|------------------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|
| Invest Cost Recovery | 4,486 | 1,050 | 1,250 | 740 | 67 | 1,161 | 7,409 | 11,613 | 0 | 2,186 | 11,388 | 1,500 | 42,850 |
| Criminal Cost Recovery | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Probation Monitoring | 46,225 | 21,354 | 22,836 | 34,983 | 22,419 | 186,279 | 345,366 | 200,249 | 60,048 | 59,731 | 29,879 | 42,043 | 1,071,412 |
| Exam | 150 | 250 | 105 | 330 | 3,480 | 1,658 | 292 | 200 | 1,500 | 300 | 325 | 500 | 9,090 |
| Cite/Fine | 3,500 | 3,025 | 2,425 | 3,225 | 3,055 | 5,320 | 475 | 4,723 | 4,600 | 5,200 | 3,261 | 5,340 | 44,149 |
| MONTHLY TOTAL | 54,361 | 25,679 | 26,616 | 39,278 | 29,021 | 194,418 | 353,542 | 216,785 | 66,148 | 67,417 | 44,853 | 49,383 | 1,167,501 |
| FYTD TOTAL | 54,361 | 80,040 | 106,656 | 145,934 | 174,955 | 369,373 | 722,915 | 939,700 | 1,005,848 | 1,073,265 | 1,118,118 | 1,167,501 | |

| | Jul-10 | Aug-10 | Sep-10 | Oct-10 | Nov-10 | Dec-10 | Jan-11 | Feb-11 | Mar-11 | Apr-11 | May-11 | Jun-11 | FYTD Total |
|------------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Invest Cost Recovery | 3,981 | 971 | 871 | 846 | 996 | 2,177 | 896 | 3,550 | 896 | 896 | 1,100 | 1,146 | 18,326 |
| Criminal Cost Recovery | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Probation Monitoring | 43,697 | 74,202 | 31,474 | 35,029 | 120,104 | 157,971 | 332,595 | 170,590 | 72,520 | 94,712 | 71,738 | 47,283 | 1,251,913 |
| Exam | 2,475 | 3,730 | 1,750 | 9,456 | 4,031 | 1,158 | 1,237 | 2,621 | 1,400 | 4,235 | 2,500 | 627 | 35,219 |
| Cite/Fine | 5,500 | 9,000 | 10,075 | 4,000 | 2,600 | 5,700 | 5,000 | 2,896 | 1,950 | 5,650 | 950 | 200 | 53,521 |
| MONTHLY TOTAL | 55,653 | 87,903 | 44,170 | 49,331 | 127,731 | 167,006 | 339,728 | 179,656 | 76,766 | 105,493 | 76,288 | 49,255 | 1,358,980 |
| FYTD TOTAL | 55,653 | 143,557 | 187,727 | 237,058 | 364,788 | 531,794 | 871,522 | 1,051,178 | 1,127,944 | 1,233,436 | 1,309,725 | 1,358,980 | |

| | Jul-11 | Aug-11 | Sep-11 | Oct-11 | Nov-11 | Dec-11 | Jan-12 | Feb-12 | Mar-12 | Apr-12 | May-12 | Jun-12 | Total |
|------------------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Invest Cost Recovery | 300 | 350 | 300 | 100 | 50 | | | | | | | | 1,100 |
| Criminal Cost Recovery | 0 | 0 | 0 | 0 | 0 | | | | | | | | 0 |
| Probation Monitoring | 42,542 | 41,848 | 44,639 | 105,369 | 96,368 | | | | | | | | 330,765 |
| Exam | 1,639 | 777 | 2,481 | 627 | 1,692 | | | | | | | | 7,215 |
| Cite/Fine | 200 | 4,350 | 800 | 10,650 | 3,250 | | | | | | | | 19,250 |
| MONTHLY TOTAL | 44,681 | 47,325 | 48,220 | 116,745 | 101,359 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 358,330 |
| FYTD TOTAL | 44,681 | 92,005 | 140,225 | 256,970 | 358,330 | 358,330 | 358,330 | 358,330 | 358,330 | 358,330 | 358,330 | 358,330 | |

excel:enforceptmonthlyprofile.xls, revised 1/6/2012

Medical Board of California
Board Members' Expense Report
Oct 1, 2011 -Dec 31, 2011

| | <i>Per Diem*</i> | | | | <i>Travel Expenses*</i> | <i>Total</i> | <i>Total</i> |
|--------------------|------------------|-----------------|-------------|-----------------|-------------------------|-----------------|------------------|
| | Oct | Nov | Dec | TOTAL | Oct-Dec | Oct-Dec | FYTD |
| Dr. Carreon | 0.00 | 0.00 | 0.00 | 0.00 | | 0.00 | 3,500.00 |
| Ms. Chang | 200.00 | 0.00 | 0.00 | 200.00 | 0.00 | 200.00 | 1,352.94 |
| Dr. Diego | 1,000.00 | 1,400.00 | 0.00 | 2,400.00 | 994.68 | 3,394.68 | 4,594.68 |
| Dr. Duruisseau | 900.00 | 800.00 | 0.00 | 1,700.00 | 864.70 | 2,564.70 | 4,935.74 |
| Dr. Levine | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 813.86 |
| Dr. Low | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Dr. Moran | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,000.00 |
| Dr. Salomonson | 400.00 | 0.00 | 0.00 | 400.00 | 1,153.72 | 1,553.72 | 1,553.72 |
| Ms. Schipske | 900.00 | 0.00 | 0.00 | 900.00 | 444.58 | 1,344.58 | 3,262.64 |
| Ms. Yaroslavsky | 0.00 | 0.00 | 0.00 | 0.00 | | 0.00 | 0.00 |
| BOARD TOTAL | 3,400.00 | 2,200.00 | 0.00 | 5,600.00 | 3,457.68 | 9,057.68 | 21,013.58 |

*includes claims paid/submitted through Dec, 2011.

Board Members Expense Report.xls

Date: January 6, 2012

MEDICAL BOARD OF CALIFORNIA BUDGET OVERVIEW BY BOARD COMPONENT

| | EXEC | OPERATION | | | | | INFO SYSTEMS | PROBATION MONITORING | BOARD TOTAL |
|-------------------------|-----------|------------|------------------|-----------|-------------------|--|-----------------|-------------------------|----------------|
| | | ENFORCE | SAFE MEDICINE | LICENSING | ADMIN SERVICES | | | | |
| FY 08/09 | | | | | | | | | |
| \$ Budgeted | 2,158,000 | 36,659,000 | | 4,599,000 | 2,048,000 | | 3,370,000 | 1,914,000 | 50,748,000 |
| \$ Spent * | 1,875,000 | 34,026,000 | | 4,522,000 | 1,697,000 | | 2,668,000 | 625,000 | 45,413,000 * |
| Positions Authorized | 8.8 | 146.6 | | 45.5 | 15.0 | | 16.0 | 20.0 | 251.9 |
| FY 09/10 | | | | | | | | | |
| \$ Budgeted | 2,030,000 | 36,539,000 | 567,000 | 4,262,000 | 1,558,000 | | 2,953,000 | 1,589,000 | 49,498,000 |
| \$ Spent * | 2,920,000 | 34,130,000 | 494,000 | 4,772,000 | 1,547,000 | | 2,728,000 | 500,000 | 47,091,000 * |
| Positions Authorized | 8.8 | 146.6 | 6.0 | 45.5 | 15.0 | | 16.0 | 25.0 | 262.9 |
| FY 10/11 | | | | | | | | | |
| \$ Budgeted | 1,944,000 | 37,720,000 | 577,000 | 5,045,000 | 1,688,000 | | 3,118,000 | 1,735,000 | 51,827,000 |
| \$ Spent* | 1,771,000 | 34,420,000 | 651,000 | 5,061,000 | 1,564,000 | | 2,948,000 | 487,000 | 46,902,000 * |
| Positions Authorized | 8.8 | 165.0 | 6.0 | 52.3 | 15.0 | | 17.0 | 25.0 | 289.1 |
| FY 11/12 | | | | | | | | | |
| \$ Budgeted | 1,885,220 | 40,510,088 | | 5,336,015 | 1,585,554 | | 3,069,028 | 2,013,445 | 54,399,350 |
| \$ Spent thru 11/30* | 974,078 | 16,049,692 | | 2,492,184 | 665,315 | | 1,147,041 | 551,100 | 21,879,410 |
| Positions Authorized | 8.8 | 164.1 | | 53.3 | 15.0 | | 17.0 | 25.0 | 283.2 |

* net expenditures (includes unscheduled reimbursements)



STATE AND CONSUMER SERVICES AGENCY • GOVERNMENTAL ACCOUNTABILITY
EXECUTIVE OFFICE
1625 North Market Blvd., Suite S-308, Sacramento, CA 95834
P 916-574-8200 F 916-574-8613 | www.dca.ca.gov



DATE: December 31, 2011

TO: Anna Caballero, Secretary of the State and Consumer Services Agency

FROM: Brian Stiger, Acting Director, of the Department of Consumer Affairs

SUBJECT: Review of the Systems of Internal Control

In accordance with the Financial Integrity and State Manager Accountability Act of 1983, Government Code Sections 13400 through 13407, I am submitting the enclosed report describing the review of our systems of internal control for the biennial period ended December 31, 2011.

Enclosure(s)

INTRODUCTION

In accordance with the Financial Integrity and State Manager's Accountability (FISMA) Act of 1983, the Department of Consumer Affairs (DCA) submits this report on the review of our systems of internal control for the biennial period ended December 31, 2011.

Should you have any questions please contact Pam Wortman at (916) 574-7172.

BACKGROUND

The Department of Consumer Affairs (DCA) is comprised of 38 entities (23 boards, 8 bureaus, 4 committees, 2 programs, and 1 commission). DCA's mission is to protect and serve the interests of California consumers. To accomplish this mission, the entities establish minimum qualifications and levels of competency for licensure; investigate complaints; and discipline violators. The bureaus and programs are under my direct authority, while the boards, committees, and commission are semiautonomous bodies whose members are appointed by the Governor and the Legislature. DCA provides the semiautonomous bodies administrative support services.

RISK ASSESSMENT

An organization-wide risk assessment was performed by compiling the top risks from participating boards, bureaus, committees, programs and commission. Each was asked to submit their top risks within their entities that stand in the way of achieving their goals and objectives. They were also asked to consider the probability of the risk as well as its impact.

The methodology used to obtain this information included: meeting with executive officers, bureau chiefs, and designated staff for the boards, bureaus, committees, programs and commission to discuss the purpose and significance of their input; distributing a description of risk and instructions for identifying the risk, its probability and impact, as well as explaining the steps that have been taken to reduce or mitigate each risk; providing a deadline for submission of risk information; designating Internal Audit staff to answer questions and offer assistance to entities; evaluating the responses; grouping and labeling like risks; and identifying the most prevalent risks within the organization.

Based on the information received, DCA management has determined that the greatest vulnerabilities lie in the following areas:

- Staff resources
- Enforcement
- BreEZe implementation
- Appropriate Budget Funding

EVALUATION OF RISKS AND CONTROLS

Issue #1 Staff resources.

Risks: The DCA has struggled across the department with limited staffing. The limited staff has resulted in increased workload for existing staff, backlog of some processes and longer processing times for new applicants. In some cases, current staffing has not been sufficient to facilitate an increase in the licensing population or the consumer population an entity serves. The reduced staffing has caused delays to process licenses which results in delayed employment of professionals. In addition; staffing challenges have decreased effectiveness and efficiency to run its programs and provide adequate consumer protection. Needed redirection of staff to mission critical functions has resulted in backlogs in other areas, which add value, but can no longer be continued.

Issue #2: Enforcement.

Risks: The DCA's Consumer Protection Enforcement Initiative provided staffing to shorten the timeframe for enforcement; however, positions were authorized after the hiring freeze began; therefore, many programs were unable to hire the specially trained enforcement investigators, which now limits an entities ability to provide timely consumer protection. Additionally, in some programs enforcement staff are taking on other duties, which limits the amount of time they spend on enforcement caseloads; therefore, lengthening processing times. When processing times are increased, then a licensee in violation of the law may continue practicing for a longer period of time, potentially causing harm to others. In addition, DCA has limited control over processing times by outside agencies working collaboratively in the enforcement chain.

Issue #3: BreEZe Implementation.

Risks: BreEZe will provide the much needed replacement of DCA's Legacy databases to track licensing and enforcement information. There are always risks associated with replacing a mission critical system. Some entities have expressed concerns that the BreEZe might not meet the specific needs of each board, bureau committee, program and commission; that the BreEZe system may have challenges during development or implementation limiting access to stakeholders; and any unresolved challenges in the BreEZe system could result in a break in service to consumers, applicants, and licensees.

Issue #4: Appropriate Budgets Funding.

Risks: Entities have been required to take budget cuts, which hampers their ability to absorb costs with minor program changes, to match the growth of increased program costs due to inflation, and reduces their ability to redirect funding to meet increased costs, especially in the area of enforcement.

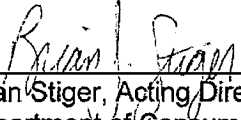
VACANT POSITIONS

I acknowledge that DCA is in compliance with GC Section 12439. Our compliance includes continuous emphasis to all boards, bureaus and divisions of the importance of filling vacant positions within six months of becoming vacant in order to avoid losing them. DCA's Office of

Human Resources (OHR) assists its clients by providing them with an updated position roster and vacancy report each month. OHR staff work closely with their clients to ensure timely recruitment and filling of vacant positions. Once a selection is made to fill the position, OHR requires a justification to be submitted. The justification is required to ensure that a position is being filled in order to meet operational needs and to prevent inappropriate hires in order to avoid losing the position subject to GC Section 12439. Additionally, OHR has strengthened its compliance efforts by hiring a retired annuitant to monitor vacant positions and oversee position control.

CONCLUSION

I certify that our systems of internal controls are adequate to mitigate potential threats identified in the Evaluation of Risks and Controls Section above.



Brian Stiger, Acting Director
Department of Consumer Affairs

12/31/11

Date

cc: Honorable Governor Edmund G. Brown Jr.
Ana J. Matosantos, Director, Department of Finance
Pam Wortman, Deputy Director, Office of Administrative Services, DCA
Cathleen Sahlman, Chief, Internal Audit Office, DCA
Bureau of State Audits
State Library
Legislature
State Controller's Office
State Treasurer's Office
Attorney General